

**ACCOUNTING EXAMINING BOARD MEETING
MINUTES
MADISON WI
August 16, 2002**

PRESENT: Fred Franklin (by phone), Sharon Hamilton, Roman Jungers II, Jim Johnson, Thomas Kilkenny, Frank Probst and Mathew Tharaniyil

STAFF PRESENT: Bill Dusso, Mary Forseth, Gina York, and other Division of Enforcement staff for portions of the meeting

GUESTS: Arland Stone, WAA
Richard Stenson, Kesling Associates LLP
Leroy Schmidt, WICPA

CALL TO ORDER

Frank Probst, Chair, called the meeting to order at 9: 08 a.m. A quorum of 6 members was present. The Board introduced themselves and welcomed a new member Mathew P. Tharaniyil to the Accounting Examining Board.

AGENDA

Addition to the Agenda

- Item 8: Practice Issues add 8b. Quitzow Correspondence.

MOTION: Sharon Hamilton moved, seconded by Jim Johnson, to approve the agenda as amended. Motion carried unanimously.

MINUTES (5/17/2002)

MOTION: Sharon Hamilton moved, seconded by Roman Jungers, to approve the minutes of 5/17/02 as published. Motion carried unanimously.

ADMINISTRATIVE REPORT

**MARY FORSETH, DIRECTOR, BUREAU OF BUSINESS
AND DESIGN PROFESSIONS**

BOARD ROSTER

Thomas Kilkenny has a new fax number.

2002 MEETING DATES

Dates were reviewed and confirmed by the Board. Next meeting date will be on October 18, 2002, at 9:00 a.m. in Room 180.

ACCOUNTING ACT MODERNIZATION TO-DO-LIST

This "to-do" list was reviewed at the meeting. Bill Dusso continues to update the list to provide a status report at each meeting.

COPY OF LETTER SENT TO SCHOOLS REGARDING NEW LICENSURE REQUIREMENTS

This correspondence went out in mid-July to schools listed.

SUMMARY REPORTS ON PENDING COURT CASES, DISCIPLINARY CASES AND ADMINISTRATIVE RULES AND MONTHLY PRESS RELEASE OF DISCIPLINARY ORDERS

Noted.

REGULATORY DIGEST ARTICLES

The next Regulatory Digest will be going out in December of 2002. Mary Forseth discussed a suggested list of potential topics and the Board will make some decisions after the meeting today.

SCHEDULE 2003 BOARD MEETING DATES

The Board reviewed and approved the proposed 2003 meeting dates.

ADMINISTRATIVE RULES

ANALYSIS OF PROPOSED CHANGES IN WISCONSIN INDEPENDENCE RULE

Legal Counsel, William Dusso, reviewed the draft of the "Requirement for Independence" rule with the Board. The Board recommended some revisions which Bill Dusso will make and the revised draft will be sent to Board members for review. If the new draft is completed and approved by Board members by the end of August, a teleconference meeting will be scheduled to adopt the rule.

RULES GOVERNING APPLICABILITY OF RULES OF CONDUCT TO SEPARATE BUSINESSES

William Dusso reviewed the "Rules of Conduct to Separate Businesses" rule draft with the Board. The goal is to have this rule language consistent with Chapter 442, Wis.

Stats., and the AICPA code. Mr. Dusso will make additional revisions and share another draft for review.

Mary Forseth will send revisions by email. (Sharon Hamilton and Jim Johnson will receive the revisions by U.S. mail.)

UPDATE ON DEFINITION OF “OWNERSHIP INTEREST” FOR ACCOUNTING FIRMS

Pamela Haack provided a status report on the “Ownership Interest for Accounting Firms” rule. It was sent to the Legislative Clearinghouse on August 2, 2002. This rule will be included in the October meeting agenda, when the Board may adopt it.

CONTINUE DISCUSSION OF RULE DRAFT RELATED TO PEER REVIEW REQUIREMENTS

William Dusso shared the current draft of the “Peer Review” rule. There was a lengthy discussion regarding peer review requirements and conflict of interest issues.

MOTION: Jim Johnson moved, seconded by Sharon Hamilton, to move this draft rule forward as written. Motion carried unanimously.

REVIEW EXPERIENCE RULE DRAFT

William Dusso reviewed the draft “Experience rules (Clearinghouse Rule 01-047) with the Board. The Board accepted the rule as drafted and will adopt it at their next meeting in October. They would like the experience equivalency information shared with new applications for licensure.

MOTION: Sharon Hamilton moved, seconded by Jim Johnson, to accept the current draft of Clearinghouse Rule 01-047. Motion carried unanimously.

REVIEW ACCOUNTING STANDARDS RULE DRAFT

William Dusso reviewed the “Accounting Standards” rule with the Board. The Board adopted the rule.

MOTION: Jim Johnson moved, seconded by Sharon Hamilton, to adopt the Clearinghouse Rule 01-133 as written. Motion carried unanimously.

PROPOSED RULE CHANGES FOR NEW COMPUTER EXAMINATION

Darwin Tichenor presented a Scope Statement regarding the proposed rule changes to adopt the computerized exam. A lengthy discussion took place. Mary Forseth will follow-up via email with the Board regarding rules related to the computerization of the exam.

A rule draft will be available for the Board's review at their meeting in October.

NASBA

NASBA FOCUS QUESTION

Informational only. Noted by the Board.

EXAMINATION/APPLICATION ISSUES

NASBA REPORT ON MAY 2002 EXAMINATION SITE REVIEW

Darwin Tichenor shared a NASBA report with the Board. The report questioned whether a security guard should be hired to guard the examination materials overnight. After a lengthy discussion, the Board felt that no change is needed to the current process.

PRACTICE ISSUES

ARTHUR ANDERSEN AND ACTIONS BEING TAKEN IN OTHER STATES

The Board reviewed and discussed the correspondence from Arthur Andersen, LLP regarding their voluntary relinquishment of their firm credentials to practice in the state of Wisconsin effective July 31, 2002. The Screening Committee reviewed this as well and felt that no action by the Board is necessary.

NICKEL & QUITZOW, S.C.

The Board reviewed and discussed the correspondence received from Nickel & Quitzow, S.C.; Certified Public Accountants, regarding the new law allowing non-CPA's ownership in Certified Public Accountant Firms. This was referred to William Dusso of Legal Counsel for response.

BOARD MEMBER ACTIVITY

The NASBA Conference will be held in October 2002 in New Orleans. The Board approved Frank Probst to be the delegate at this conference.

The Department's Budget Advisory Committee meetings were attended by Thomas Kilkenny. Mr. Kilkenny reported that the issues seem to be universal across most Boards. The suggestions for more Board representation at national conferences, Bureau Directors attendance at meetings and conferences, and the possibility of increasing licensing fees to reach these goals and fund additional positions to provide desired services to the Boards.

PRESENTATION OF PROPOSED STIPULATIONS BY DIVISION OF ENFORCEMENT

Donald Palm and his attorney, Jon Callaway, of Relles, Meeker and Boms, presented information regarding Mr. Palm's previously agreed upon Stipulation.

Deliberation and final decision will be made in Closed Session.

MISCELLANEOUS CORRESPONDENCE/INFORMATION

DRAFT PRESS RELEASE REGARDING MODERNIZATION ACT

Provided for informational purposes. Peer review information will be pulled out at this time.

NEW BUSINESS

None

CLOSED SESSION

MOTION: Sharon Hamilton moved, seconded by Thomas Kilkenny, to convene to closed session to deliberate on cases following hearing (s. 19.85(1)(a), Stats.; to consider licensure or discipline (s. 19.85(1)(b), Stats.; to consider individual histories or disciplinary data (s. 19.85(1)(f), Stats.; and, to confer with legal counsel (s. 19.85(1)(g), Stats. Roll call vote: Frank Probst-yes, Fred Franklin-yes, Sharon Hamilton-yes, Roman Jungers II-yes, Jim Johnson-yes and Thomas Kilkenny-yes. Motion carried unanimously.

RECONVENE TO OPEN SESSION

MOTION: Sharon Hamilton moved, seconded by Jim Johnson, to go to Open Session at 1:05 p.m.

VOTE ON ITEMS CONSIDERED OR DELIBERATED UPON IN CLOSED SESSION, IF VOTING IS APPROPRIATE

REQUESTS FOR RELICENSURE

JILL GILBERT

MOTION: Thomas Kilkenny moved, seconded by Sharon Hamilton, to grant Jill Gilbert relicensure under the following conditions. Ms. Gilbert must show proof of completion of the 30 hours of continuing education requirement and hours must have been completed within the past two and a half years beginning in 2001 prior to license being issued. Motion carried unanimously.

MICHAEL TOEPFER

MOTION: Sharon Hamilton moved, seconded by Jim Johnson, to grant Michael Toepfer relicensure. Motion carried unanimously.

APPLICATION REVIEW

SANJAY AZAD

MOTION: Roman Junger moved, seconded by Jim Johnson, to request Sanjay Azad to take US Business Law and Income Taxation courses. Currently applicant does not meet the Wisconsin examination requirements. Motion carried unanimously.

CHRISTOPHER J. LEBAKKEN

MOTION: Jim Johnson moved, seconded by Sharon Hamilton, to require Christopher J. Lebakken to retake the exam. Motion carried unanimously.

ANAND KRISHNAMURTHY

MOTION: Roman Junger moved, seconded by Jim Johnson, to require Anand Krishnamurthy to retake the exam. Motion carried unanimously.

APPLICATIONS REVIEWED AND ENDORSED

MOTION: Roman Junger moved, seconded by Jim Johnson, to accept the list of applicants approved for registration as Certified Public Accountants. Motion carried unanimously.

STIPULATIONS

DONALD PALM

MOTION: Sharon Hamilton moved, seconded by Jim Johnson, to accept the Findings of Fact, Conclusions of Law, Order and Stipulation in the matter of Donald Palm. Motion carried unanimously.

CHARLES G. SCHWEIGER

MOTION: Sharon Hamilton moved, seconded by Roman Junger, to accept the

Findings of Fact, Conclusions of Law, Order and Stipulation in the matter of Charles G. Schweiger. Motion carried unanimously.

ADJOURNMENT

MOTION: Jim Johnson moved, seconded by Sharon Hamilton, to adjourn the meeting at 1:07 p.m. Motion carried unanimously.